



Personal Property Abatements and Other Deductions

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Before We Begin

- You will receive 3 hours of Continuing Education Credit
- Make sure you get your attendance form signed
- If you have any questions, please ask while we are going through the material
- If a question cannot be answered in class, give it to me in writing and I will get you an answer. (E-mail)



Before We Begin

- Breaks – One 15 minute
- Bathroom locations
- Smoking in designated areas only
- Snacks/Beverages
- Turn off cell phones and pagers
- Travel and Per Diem reimbursement will be according to your county's written travel policy.



Today's Class Will Cover:

- Basic definitions
- How the taxpayer and the designating body establish an abatement
- How the taxpayer claims the deduction
- How the assessor reviews the deduction
- Common problems
- Problem solving options for consideration



Basic Definitions

- Personal property abatement
 - A property tax deduction from the assessed valuation granted by a designating body for the installation of qualifying abatable equipment in an ERA.



Basic Definitions

- Economic Revitalization Area (ERA)
 - An area that is within the corporate limits of a city, town, or county that has become undesirable for, or impossible of, normal development and occupancy.
- It is a legal description for a piece of real estate.
- If ownership transfers, the designation transfers with the property.



Basic Definitions

- Designating body
 - Also called a “governing body”
 - For a county without a consolidated city, the designating body is the fiscal body of the city, town, or county.
 - For a consolidated city, the designating body is the metropolitan redevelopment commission.



50 IAC 10-1-2

- “Installed” defined
 - Section 2(a) “Installed” means that personal property:
 - (1) has been completely assembled;
 - (2) is completely functional for the purpose for which it was acquired; and
 - (3) is placed in service.



50 IAC 10-1-2 (cont'd)

- “Installed” defined
 - Section 2(b):
 - When different pieces of personal property are linked together as part of an integrated production process, personal property will not be considered installed until the integrated production process is completely functional and is placed in service.



Federal Definition of Depreciable Assets

- “Depreciation may not be claimed until the property is placed in service for either production income or use in a trade or business. Depreciation of an asset ends when the asset is retired from service by sale, exchange, abandonment or destruction.”
- US Master Depreciation Guide, Chap. 3



Frequently Asked Question

Question: So if the equipment is present at the facility and not installed, how is that situation handled?

Answer: 50 IAC 4.2-6-1 classifies this equipment as “Construction In Process” (CIP) and assesses it at 10% of cost with no abatement deduction allowed on it. (In most cases, the abatement will begin the following year.)



50 IAC 10-1-3

- “New Manufacturing Equipment” defined
 - (a) “New manufacturing equipment” has the meaning found in IC 6-1.1-12.1-1(3). In order to be new manufacturing equipment, personal property must be qualified machinery and equipment as defined in section 6 of this rule.
 - (b) New manufacturing equipment includes new equipment and used equipment brought into Indiana from outside of Indiana.



50 IAC 10-1-6

- “Qualified machinery and equipment” defined
 - Section 6(a):
 - Direct Production of
 - Manufacturing of
 - Fabricating of
 - Assembly of
 - Extracting of



50 IAC 10-1-6 (cont'd)

- “Qualified machinery and equipment” defined
 - Section 6(a):
 - Mining of
 - Processing of
 - Refining of
 - Finishing of other tangible personal property



50 IAC 10-1-6 (cont'd)

- “Qualified machinery and equipment” defined
 - Personal property will be qualified machinery and equipment when it is used within the process that chronologically begins with:
 - Material handling equipment that carries the raw material from its on-site storage location to the first production step.
 - Example: The crane that lifts the coil of steel to the press that stamps out a car fender.



50 IAC 10-1-6 (cont'd)

- “Qualified machinery and equipment” defined
 - Ends with the material handling equipment that carries or moves the finished product from its final machine or production step to the in-plant finished good storage site.
 - Example: The fork lift that moves the finished product from the production line to a shelf in the finished goods warehouse.



Assets that are NOT Abatable Manufacturing Equipment

- Pollution Control Equipment
- Office Equipment
- Semi Tractors & Trailers



Basic Definitions

- Personal property abatement
 - A property tax deduction from assessed valuation granted by a designating body for the installation of qualifying abatable equipment in an ERA.



Steps In Establishing An Economic Revitalization Area



Statement of Benefits – Personal Property (Form SB-1/PP)

- The form on which the property owner submits information regarding the installation of new manufacturing, research and development, logistical distribution, or information technology equipment to the designating body.
- This form should be incorporated into the designation process.



Establishing An ERA

- Designating body can designate an ERA on its own or upon application of a property owner.
- If designating body works on its own, no Statement of Benefits (SB-1/PP) is necessary for a preliminary designation; however one will be required later when finalizing the details for a new business that desires to locate there.
- If the property owner asks for an ERA designation, a Form SB-1/PP must be filed.



Different Types of Abatements

- A) Manufacturing
- B) Research & Development
- C) Information Technology
- D) Logistical Distribution



Statement of Benefits – Personal Property (Form SB-1/PP) (cont'd)

- The Form SB-1/PP provides information on the proposed project and is an estimate of costs, jobs created, etc. This is done before the project begins.
- A taxpayer could have a single or multiple Form SB-1/PP's which could cover several projects over a number of years.



Statement of Benefits – Personal Property (Form SB-1/PP) (cont'd)

- The reason why the Form SB-1/PP is so important is because the designating body must determine if the totality of the benefits (number of jobs, salaries, & other benefits) is sufficient to justify the deduction.
- IC 6-1.1-12.1-3



Statement of Benefits – Personal Property (Form SB-1/PP) (cont'd)

- The taxpayer must attach an approved copy of Form SB-1/PP to his personal property return.
 - Page 1 is completed and signed by the taxpayer.
 - Page 2 is completed and signed by the designating body. It sets the limits and guidelines for the abatement.



Establishing An ERA

Establish geographical area by:

- Designating body makes a determination.
 - Prepares maps and plats that identify the area.
 - Prepares a simplified description of property boundaries.
 - Passes a preliminary resolution.
- After approving a preliminary resolution, the designating body publishes a notice of adoption and substance of resolution.



Establishing An ERA

- The designating body's final action is to determine whether the qualifications for an ERA are met and to confirm, modify or rescind the preliminary resolution.
- If confirmed, a confirmatory resolution is passed.
- Minutes to a council meeting do not qualify as a resolution.



Resolution

- According to IC 6-1.1-12.1-2.5, the resolution declares an area as an economic revitalization area.
- The resolution specifies the abatement schedule.
- The resolution could contain an expiration date when the designation ceases to exist or other limitations or conditions.



Resolution

- If there is an expiration date of the ERA designation, it is simply the window of opportunity in which a company can install new abatable equipment and receive a deduction.
- This expiration date can easily be extended or renewed.



Abatement Fee

- Authority to impose fee given to any designating body within the State of Indiana who has the power to grant an abatement.
- The amount of the fee is set by the designating body and the property owner.
- The fee is calculated by the County Auditor and paid to the County Treasurer.



Unauthorized Facilities

IC 6-1.1-12.1-3 (e)

- The following facilities are not authorized to receive a deduction:
- Golf courses; country clubs; massage parlors; tennis clubs; skating facilities; handball/racquetball facilities; hot tub facilities; suntan facilities; racetracks; any facility that has a primary purpose of retail food & beverage, automobile sales & service, or other retail unless...



Unauthorized Facilities

IC 6-1.1-12.1-3 (e)

- ...an economic development target area is established. (IC 6-1.1-12.1-7)
- Residential facilities may not be approved unless it is multifamily of which at least 20% of the units are for low – moderate income individuals OR is in an economic development target area OR is designated as a residentially distressed area
- Or a package liquor store



Filing Requirements for Taxpayers on Tax Abatements



Self Assessment System

- Taxpayer is responsible for filing the personal property assessment in a timely manner with the proper assessing official.
- Assessors do not have the authority to file a return for the taxpayer; however, the assessor can assist the taxpayer.
- Taxpayer MUST sign the return



IC 6-1.1-12.1-5.4

- A person that desires to obtain the deduction must attach a certified deduction schedule (Form 103-ERA) with his/her timely filed personal property return (Form 103-Long) and file it with the proper assessing official.



Compliance with Statement of Benefits (Form CF-1/PP)

- Form CF-1/PP must be filed with the designating body and the assessor of the township where the equipment resides each year a personal property abatement deduction is requested.
- Must be filed between March 1 and May 15 or the approved extension date.



Compliance with Statement of Benefits (Form CF-1/PP)

- Compliance information for multiple projects may be consolidated on one Form CF-1/PP with approval of the designating body.
- The taxpayer attaches an approved copy of Form CF-1/PP to his return.
 - Page 1 is signed by taxpayer.
 - Page 2 is completed by the designating body.
(Is the taxpayer in compliance?)



Compliance with Statement of Benefits (Form CF-1/PP)

- The major difference between the Form SB-1/PP and the Form CF-1/PP is that the SB-1/PP is an estimate of the project before it begins and the CF-1/PP is a summary of the actual information after the project has been completed.
- The Form SB-1/PP structures the deduction and the Form CF-1/PP approves the deduction.



Personal Property Defined

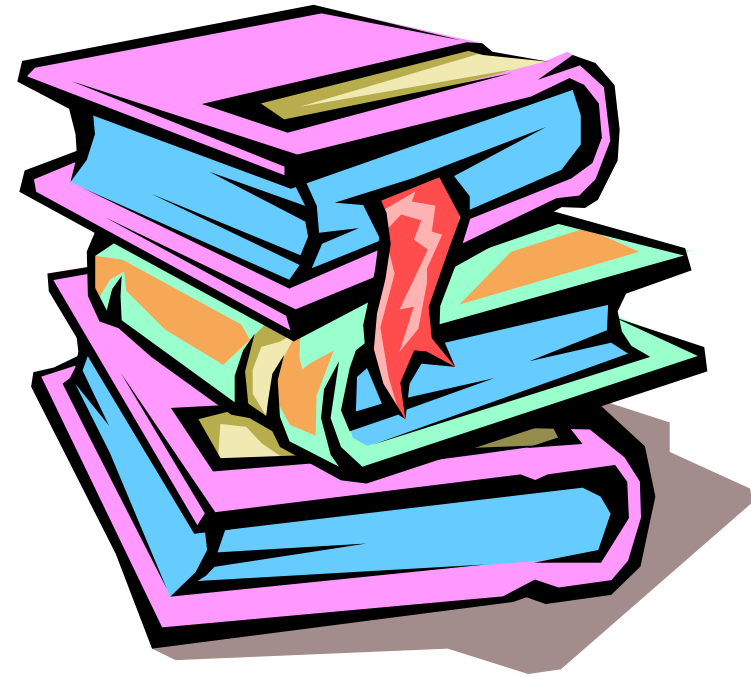
50 IAC 4.2-1-1(i)

- (i) “Depreciable personal property” means all tangible personal property that is used in a trade or business, used for the production of income, or held as an investment that should be or is subject to depreciation for federal income tax purposes. In general, personal property will be deemed to become depreciable property when a depreciation deduction is allowable for federal income tax purposes.



Real vs. Personal Property

- “Regulation 16,
Rule 4” – Section 10
– (50 IAC 5.2-4-10)
- “2002 Real Property
Guidelines”
– Chapter 1, Table 1-1





Real vs. Personal Property Examples

- Boilers:
 - Manufacturing process – Personal
 - Building service – Real
- Foundations for machinery & equipment – Personal
- Gas lines for equipment or processing – Personal



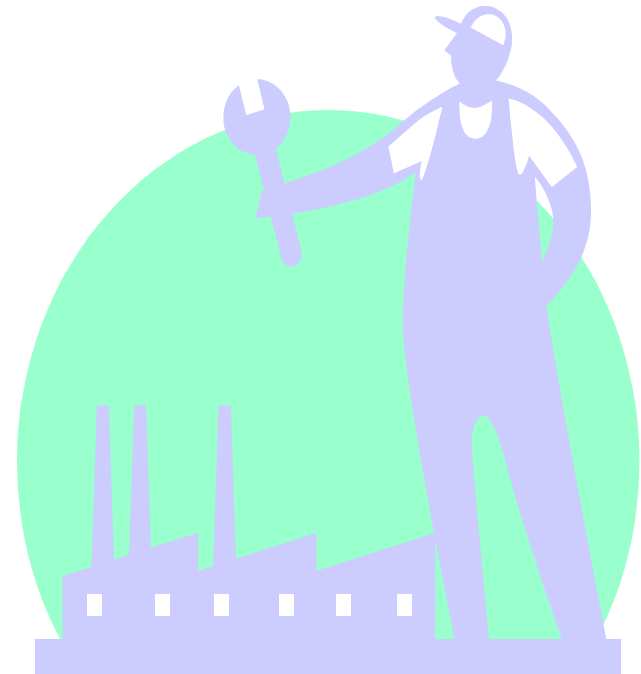
Real versus Personal Property Examples

- Lighting:
 - Yard – Personal
 - Special purpose, inside – Personal
- Piping used in a process – Personal
- Pits for equipment or processing
 - Personal
- Power lines and auxiliary equipment
 - Personal



Manufacturing

- Manufacturing Equipment including all installation costs such as foundations, water lines, power wiring, and air lines.





Reviewing the Abatement using the Abatement Calendar



Timetable for PP Review

- The taxpayer files the tax return & supporting schedules by May 15 or the extended due date if any.
- The township or county assessor has until September 15 or 4 months from the extended due date to review the tax return .



Timetable for PP Review

- The County Board of Appeals (PTABOA) has until October 30 or 5 months to review the return.
- Taxpayer has until November 15 or 6 months from the extended due date to amend the return.



Request for Extension

IC 6-1.1-3-7

- A taxpayer may request up to a thirty day (30) day extension to file his tax return by filing a written request prior to the filing date.
- Assessors may grant, deny, or give a partial extension at their discretion with a written reply.



Amended Returns

- IC 6-1.1-3-7.5
- The return is filed by the taxpayer.
- The taxpayer files an amended return by writing AMENDED on the top of a standard blank return.



Amended Return Deadlines

- November 15, if no extension was granted
- Up to December 14 or 6 months from original return's due date, if an extension was granted



Amended Returns

- Taxpayer may claim any deduction or exemption that could have been claimed on the original return
- Taxpayer may only amend the original return one time. You cannot amend an amended return.



Original Return Filed

- Original personal property return is the personal property tax return filed with the proper assessing official by May 15, or if an extension is granted, the extended filing date.
- An original return must be filed timely.



Amended Returns

- A timely filed, amended return becomes the taxpayer's assessment of record. The assessor has four months from date that the amended return was filed to review it & make changes to the amended assessment. Notification of a change on a Form 113/PP is required.



IC 6-1.1-12.1-5.4(e)

For Abatement Deductions:

- The assessing official may review the deduction schedule and has until the next February 28 to deny or alter.
- However, it is recommended to use the four and five month deadlines. Waiting until February 28 could cause problems with tax rates and shortfalls.



IC 6-1.1-16-1

- If the assessing official fails to change an assessment within the time prescribed, the assessed value claimed by the taxpayer is final.



Verification of Personal Property Tax Abatements



IC 6-1.1-3-14

- The township or county assessor shall examine and verify the accuracy of personal property tax returns.



IC 6-1.1-12.1-5.4

- The Assessor may approve, deny or alter the amount of the deduction.
- The Assessor shall notify the taxpayer of any changes made in the deduction amount on Form 113/PP which allows the taxpayer to challenge the change if desired.



Beginning March 1, 2006

- The township assessor or the county assessor shall:
 - (1) review the deduction schedule and
 - (2) approve before the March 1 that next succeeds the assessment date for which the deduction is claimed



Beginning March 1, 2006

- Prior to March 1, 2006, the County Auditor approved the personal property abatement deductions.
- Now the taxpayer files a Form 103-ERA, which is attached to the Form 103- Long each year.



Form 103-ERA

- Schedule of Deduction from Assessed Valuation
- Required to be filed each year a deduction is desired even if no new abatable equipment is installed in that assessment year.
- Form must be filed with the Assessing Official of the county in which the abatable equipment is located.



Equipment List (Form 103 EL)

- The list must be itemized and contain installation dates and cost.
- An equipment list is only needed for equipment installed since the last assessment date.



Equipment List (Form 103-EL)

- The assessor should verify if all of the equipment listed qualifies for a personal property abatement and deduct any non-qualifying equipment from the list.
- Any changes to the assessment require notification to the taxpayer on a Form 113/PP. (IC 6-1.1.3-20)



Confidential information

- IC 6-1.1-35-9 affects:
 - All assessing officials, employees, and anyone under contract to any assessing official
 - All information that is related to earnings, income, profits, losses, or expenditures
- Disclosure of confidential information can carry severe penalties.
- What's public information? Assessed Value



Supplements to Form 103-Long

- Any supplemental information or forms attached to Form 103-Long that support the return are subject to same confidential standard as that for Form 103-Long.



Maintenance of Records

- County Auditor shall maintain real property abatement records.
- The Assessing Officials are responsible for the maintenance of the personal property abatement records.

(IC 6-1.1-3-21)



Solving Problems That May Arise



Incomplete Filing

- What if the filing is not complete? For example, what if the Statement of Benefits is missing?
- The Assessor can send a request for information giving 10 days to provide it or the assessor can deny the claim and send a Form 113/PP.



Late Filing

- IC 6-1.1-12.1-5.4 states the taxpayer must file a certified deduction schedule with a timely personal property return if they wish to receive an abatement.
- A return filed late which includes a Form 103-ERA should have the deduction denied immediately.



Waiver of Noncompliance

- If the designating body wishes to waive non-compliance, they shall conduct a public hearing and then may adopt a resolution.
- IC 6-1.1-12.1-11.3



Waiver of Noncompliance

- IC 6-1.1-12.1-11.3 covers:
- Failure to submit Form SB-1 to designating body before hearing.
- Failure to submit Form SB-1 to designating body before project begins.
- Failure to designate ERA zone before project begins.



Waiver of Noncompliance

- IC 6-1.1-12.1-11.3 covers:
- Failure to make the required findings of fact before designating the area.
- Failure to file a timely application.
- Failure to file a complete application.
- It does not give the designating body the authority to grant abatements on assets that don't qualify.



Frequently Asked Question

Question:

If the taxpayer fails to claim an abatement for the first three years of the ten year abatement cycle, could we begin the first year of the abatement cycle in the equipment's fourth year?



Frequently Asked Question

Answer:

No, the tax abatement cycle begins when the equipment is installed and ready for use. In this example, the taxpayer can claim the abatement in the fourth year of the ten year cycle or request a waiver of non-compliance from the designating body for the past unclaimed deductions.



Frequently Asked Question

Question:

But won't granting a waiver of non-compliance on unclaimed deductions create shortfalls?

Answer:

Yes, most likely shortfalls in the budget could be created so the designating body should consider the facts and their options before making a decision.



An Unclaimed Deduction, Waivers, & Amended Returns

When a taxpayer fails to claim the abatement deduction on his timely filed return, he may request a Waiver of Non-Compliance hearing after he receives his tax bill.

To grant the waiver could mean a shortfall to the local units of government; however the designating body may feel that the taxpayer deserves the deduction.



An Unclaimed Deduction, Waivers, & Amended Returns

If the waiver is granted, an amended return could be filed to claim the deduction.

IC 6-1.1-3-7.5(f) states that if a taxpayer files an amended return after July 15 of that year, he shall pay taxes based on the assessed value of the original return with credits being applied to future tax bills.

This statute could eliminate the shortfall while still allowing the tax savings.



Local Control

There are many scenarios when it comes to dealing with tax abatement issues.

The facts for each situation will need to be reviewed and discussed by the designating body who have the option of getting legal advice from their attorney.

Tax abatements are given locally and local control prevails when resolving these issues.



Real Property Abatements

- While this presentation focused on personal property abatements, a great deal of the process discussed applies to real property abatements as well.
- The designating body will establish an ERA.
- The Form SB-1/Real Property, a resolution, & Form CF-1/Real Property will need to be completed.
- A deduction application will have to be filed in order to receive the deduction (Form 322/RE)



Real Property Abatements

- The main differences between the real property abatement process and the personal property process are:
- Self Assessment (PP) versus the Assessor generating the assessed value that the auditor applies the deduction to (RP).
- Annual filing for the deduction by the taxpayer (PP) versus a single filing for the improvements for that assessment date (Real Property).



Real Property Abatements

- The annual recalculation of the deduction is done by the taxpayer for personal property while the assessor & the auditor work together to calculate the deduction for real property. This can become quite complex with layers of abatements (multi-year projects built in phases) combined with annual adjustments and general reassessments.



Real Property Abatements

- The taxpayer has appeal rights if there are questions concerning the correct deduction amount.
- The designating body can consider adopting a waiver of non-compliance resolution to resolve certain issues.



Model Homes Deduction



Deduction for Model Homes

- **Background:**

- HEA 1164 (P.L. 70-2008) – Indiana Code 6-1.1-12.6
- Generally, qualified owner of a model residence is entitled to a fifty percent (50%) deduction of the assessed value of a model residence.
- Effective for March 1, 2009 assessment date or a later year.



Deduction for Model Homes

- **Qualification as a Model Residence:**
 - Real property that consists of a single family residence, single family townhouse, or single family condominium unit that has never been occupied as a principal residence, and is used for display or demonstration to prospective buyers.
 - Does not include the land on which it is located.
 - Owner's regular office space is not considered a model residence (sales office is considered part of the model residence).



Deduction for Model Homes

- **Number of Deductions:**
 - Available for no more than four (4) assessment dates:
 - One assessment as a partially completed structure.
 - One assessment as the initial fully completed structure.
 - Two assessment dates immediately succeeding the initial fully completed structure.



Deduction for Model Homes

- **Change of Ownership:**

- If ownership changes, and use continues as a model residence, the new owner may claim the deduction. However, the assessment date limitations remain.
- A person who claims the deduction must notify the County Auditor of the transfer of ownership, and whether the new owner is eligible for the deduction.



Deduction for Model Homes

- **Change of Ownership:**

- If the model residence is sold after the assessment date of that year, but before January 1 of the following year, to a person who does not continue to use the real property as a model residence, the deduction is terminated for that assessment date.
- The County Auditor must immediately notify the former owner, the property owner, and the assessing official of the termination, and remove the deduction.



Deduction for Model Homes

- **Number of Deductions for an Assessment Date:**
 - With the exception of members of an affiliated group, a property owner is entitled to no more than three (3) model residence deductions in Indiana for an assessment date.
 - The aggregate number of deductions claimed by an affiliated group may not exceed three deductions.



Deduction for Model Homes

- **Number of Deductions for an Assessment Date:**
 - Affiliated group means any combination of:
 - An affiliated group as provided in Section 1504 of the Internal Revenue Code (except the ownership percentage is fifty percent (50%) instead of eighty percent (80%)).
 - Two (2) or more partnerships as defined in IC 6-3-1-19, including limited liability companies and partnerships, that have the same degree of mutual ownership as an affiliated group described above.



Deduction for Model Homes

- **Application for Deduction and County Official Duties:**
 - A property owner must file an Application for Model Residence Deduction (State Form 53812 -available at <http://www.in.gov/dlgf>) with the County Auditor for each assessment date desired.
 - The assessing official must verify the application.
 - The County Auditor must make the deductions and notify the county Property Tax Assessment Board of Appeals (PTABOA) of all approved deductions.



Deduction for Model Homes

- **Limitations:**

- Not allowed in an Allocation Area as defined in IC 6-1.1-21.2-3.
- Limited to one deduction per model home per year (i.e. a property owner may not receive the model home deduction in conjunction with another deduction).



Deduction for Model Homes

- **Retroactive 2008 pay 2009:**
 - Per HEA 1071-2009 (IC 6-1.1-12.6-2.1)
 - Applies only to a model residence first assessed on March 1, 2008, and which was still a model residence on January 1, 2009.
 - Property owner must file an Application for Model Residence Deduction (State Form 53947 - available at <http://www.in.gov/dlgf>) with the County Auditor.
 - Counts toward the limit of four assessment dates.



Deduction for Model Homes

- **Retroactive 2008 pay 2009 Refund:**
 - If 2008 pay 2009 property taxes have been paid, the person is entitled to a refund in the amount overpaid.
 - Not required to apply for the refund.
 - County Auditor shall issue refund from county general fund.



Enterprise Zone Deductions



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45
Chapter 45. Enterprise Zone Investment Deduction
Effective 1-1-2006.
- IC 6-1.1-45-1
Definition applicability
Effective 1-1-2006.
Sec. 1. The definitions in this chapter apply throughout this chapter.
As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-2

"Base year assessed value"
Effective 1-1-2006.

Sec. 2. "Base year assessed value" equals the total assessed value of the real and personal property assessed at an enterprise zone location on the assessment date in the calendar year immediately preceding the calendar year in which a taxpayer makes a qualified investment with respect to the enterprise zone location.
As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-3
"Corporation"

Effective 1-1-2006.

Sec. 3. "Corporation" refers to the Indiana economic development corporation established under IC 5-28-3-1.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-4

"Enterprise zone"

Effective 1-1-2006.

Sec. 4. "Enterprise zone" refers to an enterprise zone created under IC 5-28-15.

As added by P.L.214-2005, SEC.16.

- IC 6-1.1-45-5

"Enterprise zone location"

Effective 1-1-2006.

Sec. 5. "Enterprise zone location" means a lot, parcel, or tract of land located in an enterprise zone.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-6

"Enterprise zone property"

Effective 1-1-2006.

Sec. 6. "Enterprise zone property" refers to real and tangible personal property that is located within an enterprise zone on an assessment date.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-7
"Qualified investment"
Effective 1-1-2006.

Sec. 7. As used in this chapter, "qualified investment" means any of the following expenditures relating to an enterprise zone location on which a taxpayer's zone business is located:

- (1) The purchase of a building.
- (2) The purchase of new manufacturing or production equipment.
- (3) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.
- (4) Onsite infrastructure improvements.
- (5) The construction of a new building.
- (6) Costs associated with retooling existing machinery.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-8
"Zone business"
Effective 1-1-2006. Sec. 8. "Zone
business" has the meaning set forth in IC 5-
28-15-3.
As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-9

Deduction; amount
Effective 1-1-2006.

Sec. 9. (a) A taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

(1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus

(2) the total amount of the base year assessed value for the enterprise zone location.

(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-10
Deduction application
Effective 1-1-2006.

Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The application must be filed before May 10 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-11
Eligibility; appeals
Effective 1-1-2006.

Sec. 11. (a) The county auditor shall determine the eligibility of each applicant under this chapter and shall notify the applicant of the determination before August 15 of the year in which the application is made.

(b) A person may appeal the determination of the county auditor under subsection (a) by filing a complaint in the office of the clerk of the circuit or superior court not later than forty-five (45) days after the county auditor gives the person notice of the determination.

As added by P.L.214-2005, SEC.16.



Enterprise Zone Investment Deduction – IC 6-1.1-45

- IC 6-1.1-45-12
Deduction limitation
Effective 1-1-2006.

Sec. 12. A taxpayer may not claim a deduction under this chapter for more than ten (10) years.

As added by P.L.214-2005, SEC.16.



Timetable

- The Enterprise Zone Investment Deduction Application (Form EZ-2) must be filed with the County Auditor between March 1st and May 10th.
- The County Auditor must notify the applicant of their determination by August 15th of the assessment year.
- If the applicant is in disagreement of the Auditor's determination, a complaint must be filed within forty-five (45 days) of the notification in the office of the clerk of the circuit or superior court.



Form EZ-2

- If the form includes a deduction claim for personal property, a copy of the current assessment year Business Tangible Personal Property Assessment return (Form 102 or 103) must be attached.
- The form and a personal property tax return are confidential pursuant to IC 6-1.1-35-9.
- Required to be filed each year a deduction is claimed even if no new equipment is acquired in that assessment year.



Enterprise Zone Investment Deduction FAQ's

- Q: What is the base year value?
A: For personal property, it is the prior year total depreciable property assessed value, excluding inventory.
- Q: Will the deduction amount ever change?
A: The deduction amount will remain the same as long as the personal property amount remains the same.
- Q: Could the Enterprise Zone Investment Deduction be claimed with the Personal Property Investment Deduction Credit?
A: Yes, a taxpayer could be eligible for both; however, other deductions may not be claimed in conjunction with the investment deduction (i.e. no “double-dipping”).
- Q: What if the business disposes of the equipment or property, or demolishes the building before the end of the ten (10) year deduction schedule?
A: That portion of the deduction claimed by the taxpayer would not be eligible.
- Q: What are some reasons why the Enterprise Zone Deduction may be denied partially or in total?
A: The application may not have been timely filed; the business is not located within the established enterprise zone boundary; or the qualifying investment has been removed.



Contact Us

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